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SUBJECT: SERBIAN ELECTIONS: A MIXED PICTURE

11. (SBU) Summary: Serbian elections were free and fair with high turnout and no significant problems. The results suggest difficult negotiations for forming a government between the three strongest democratic parties: the DS, the DSS and the G-17+ -- the DS just did not do well enough to shake up the status quo. While the democratic side of the house outpolled the Radicals and Socialists, the distribution of seats will not facilitate quick agreement. We expect negotiations to drag on through the 90-to-120 day period required under the constitution for forming a government. Kostunica has already suggested that agreement on Kosovo would be necessary for forming a coalition. End Summary

Legal Deadlines

12. (U) Official results will be announced by Thursday. President Tadic must then choose one of the parties to begin negotiations to form a government. The Constitution requires that the parliament be constituted within thirty days. After that, the parliamentary session continues for 90 days within which a government must be formed. If there is no agreement at that point (latest possible date is May 25 if the RIK confirms the results by Thursday, and it takes 30 days for Parliament to convene), new elections are called with another 60 days for campaign and another 120 days for forming a government.

Democrats Win -- But Deadlock Possible

13. (U) Preliminary results indicate high voter turn out with slightly more than four million voters -- officially 60.4% but even higher since the 6.6 million "registered" voters" includes about one million who have died, re-located, or are no longer in Serbia. Good turn out by youth and minorities gave democratic parties about 200,000 more votes than in the last parliamentary elections in 2003. The DS did better than ever with 23 percent of the vote (930,000), but the LDP was likely the major recipient of younger and return drop-out voters, squeaking in with just over 5% of the vote (and 15 seats). The LDP's success in Belgrade (perhaps at DS' expense) meant the Radicals were the top vote getter in the capital, a DS stronghold. Unfortunately, participation in Belgrade was significantly below the national average.

14. (SBU) The DSS-NS coalition did worse than the DSS alone in 2003. However, together with the G-17+ (6.8%), the two groupings probably have more seats than the DS, if they decide to work together to dictate the shape of the next government. Also relevant to note is that the

DSS was the top vote getter among Kosovo Serbs, not surprising given the DSS campaign and indicative of how Kostunica will play the negotiations. The DS fell short on two counts that would have strengthened its hands in the negotiations to form a coalition: it received far fewer seats than the Radicals (DS-65 vs. SRS-81), and was not able to best the DSS and the G-17+ together (DS-65 vs. DSS and G-17+ - 66). Conventional wisdom is that DSS and G-17+ have an agreement to back each other up in the negotiations. However, since the DS and the DSS cannot form a government on their own (their combined 112 seats is well short of the 126 seat majority) the G-17+ is in a fairly good position to negotiate for more.

Minorities -- Not Clear if Albanians Will Get In

15. (U) Minorities will take from 7 to 9 seats. It is not clear yet whether the Albanians' Presevo Valley Coalition will get into the parliament. They are within a couple hundred votes of the natural threshold required so there will be no definitive answer on their fate until later in the week. Hungarian leader Kassa (SVM) has three; a rival Hungarian coalition could take another seat but again too early to tell. Sandzak leader Ugljanin (LZS) will get two seats which are pledged in support of DSS. The two Roma coalitions got a seat each.

Continued Support for Radicals and Socialists

16. (U) Combined, the Radicals and the Socialists got virtually the same 1.4 million votes they received in 2003. Both parties ended up with slightly fewer mandates

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(SRS 81, SPS 16) but the Radicals remain the top vote getter in Serbian national elections. The Socialists took advantage of their extensive party structure to overcome a lackluster campaign; most pollsters were predicting they would not get into the parliament.

LDP Will Be Vocal Opposition

17. (U) The LDP will take its place in parliament as an opposition party: progressive, pro-Europe and supporting Kosovo independence and full cooperation with ICTY. There is very little chance that the party will join any coalition with Kostunica's DSS, given the personal dislike between the two leaders and the LDP's outspoken rejection of Kostunica's views on Kosovo. LDP leader Ceda Jovanovic has good reason to be satisfied: his uncompromising position leaves him free to attack both the DSS and the Radicals as well as the DS for potentially joining a coalition with Kostunica. Tadic will face significant unhappiness inside the party, with members likely demanding a high price for any collaboration with the DSS. In the longer term, there could be significant defections from DS to LDP, particularly in Belgrade.

What to Expect Immediately

18. (SBU) We expect that Tadic will give the DS a first shot at forming a government. It is likely that Kostunica, who will be intent on retaining the PM-ship, will be in no hurry, using the Kosovo issue and DS angst about new elections to press maximal demands. In the end, it is very possible that the DS will cede the PM position and settle for a Deputy Prime Minister position (the VIP is suggesting PM candidate Djelic as DPM for

European Integration) and will push for Interior and other key ministries. Dinkic will push to stay at Finance (and with perhaps a DPM title), and maybe to control Energy. DSS partner Ilic (NS) could get another Deputy Prime Minister slot and will likely retain control of at least part of his Capital Investments patronage. All in all, PM Kostunica looks to be in very good shape if he can keep Dinkic in his camp.

Our Public Commentary

¶9. (SBU) The Ambassador is phoning all of the winners on the democratic side, including the LDP. We have issued a press statement (text below) congratulating the voters for free and fair elections, and opting for democratic parties and a prosperous future. The Ambassador will refrain from any local press commentary for this initial week; he will decide how to proceed publicly after the results are made official. We would advise to follow broad press themes and stress the voters' choice for a stable, democratic and prosperous future.

Embassy Press Statement

¶10. (U) Begin text: The preliminary results indicate free and fair elections on Sunday. By their choices, the majority of Serbia's citizens have spoken out in favor of a secure, prosperous future inside the Euro-Atlantic community. It is now up to their chosen leaders to form a government that delivers such a forward-looking Serbia. I would like to congratulate the people of Serbia. The United States looks forward to continuing to work with you and your leadership as your country fulfills the promise of October 2000. End Text